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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	Hungary	REPORT	
SUBJECT	Economic Conditions	DATE DISTR.	9 December 1954
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This is UNEVALUATED

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

1. The capacity of Hungarian heavy industry has been decreased by the conversion of some plants producing military equipment to the production of consumer-type products.

2. The drive for greater output is increasingly unpopular among the workers. It is believed that the workers' confidence in the Communist Regime has diminished. The recurrent reorganizations which result in many dismissals have caused apathy and poor morale in the population since the promises of higher living standards have not been fulfilled. The present program of more consumer goods for domestic needs will not help this attitude.[1]

3. There are minor improvements in the real purchasing power of the forint but in general it is still far behind the level of 1947-48. Even individuals earning 3,000 forint are in difficult circumstances. To buy a pair of shoes is beyond the means of most families, since a good pair costs from 600 to 800 forint. A good suit costs 1,500 to 2,000; a shirt: 200. Food is also expensive. 25X1

4. No evidence was noted of excessive stockpiling or purchasing of strategic goods. The emphasis was on consumer goods to satisfy the peasants.

1. Comment: Overt acts, resulting from discontent, would probably originate in industrial areas, which were formerly thought to be "red" strongholds, such as Csepel, Györ, Miskolc, etc.

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